

## Tilburg University

### Housing Association Diversification in Europe

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The Rex Group



# Housing Association Diversification in Europe: *Profiles, Portfolios and Strategies*

Taco Brandsen, Richard Farnell &  
Teresa Cardoso Ribeiro

Housing Association Diversification in Europe  
Profiles, Portfolios and Strategies

By Taco Brandsen, Richard Farnell and Teresa Cardoso Ribeiro

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**The REX Group** is a partnership between housing associations drawn from the United Kingdom, Italy, the Netherlands and Sweden. The group was established to exchange and share best practice about housing and regeneration issues in their respective territories.

During 2005 the REX Group commissioned Coventry University and Tilburg University to research and analyse the implications of social landlords diversifying into non-landlord activity, the results are contained in this report.

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## 1. Introduction

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An increasing number of social landlords across Europe are involved in “non-landlord activities” (NLA), activities that go beyond the traditional tasks of providing social housing and associated services. There is by now an increasing range of NLA, from community development, employment generation, training, work experience, youth projects and neighbourhood safety projects to insurance, Internet and shopping facilities. The intensity and scope of these activities varies from one country to another.

The continued development of NLA has raised questions regarding their relation to the traditional activities and the organisational framework of social landlords. These concern both the scope of NLA (what is the range of activities that should be engaged in?) and their design (how should they be embedded within the organisations involved?). Answers to these questions will not only have implications for the organisational practices of social landlords, but will also reflect on their identity and position within overall housing provision.

Members of the Rex Group have invited Tilburg University and Coventry University to develop a research project in which these issues are addressed. The aims of the project are threefold:

- *To draw on the experiences from organisations working in different countries and encourage cross-national learning.*
- *To develop a framework that will facilitate the selection of appropriate and realistic portfolios of NLA for individual landlords.*
- *To develop a practical method for embedding NLA within the overall organisation.*

This report contains our findings and recommendations. Given that this is a cross-national effort, we must necessarily abstain from the kind of targeted analysis that would be possible if we confined ourselves to a specific national context. Indeed, we have no wish to compete with the studies and models that have been developed at the country level. The aim of this research project has been to distinguish between the general and the specific, to show points of commonality and differences in the work of social landlords from across Europe. As the role and practice of these organisations changes, it becomes important to know how they could further develop and what their potential contribution to the public interest could be. The only sound way to determine this is by examining their actual development, across specific historical and regulatory environments. The results are revealing.

Our work endeavours to balance two approaches to research that are characteristic of the social and policy sciences. On the one hand, we have sought to develop a perspective that is objective and appropriately critical of social landlords' experience of diversification. On the other hand, we have aimed to produce a report which will make a contribution to the thinking and action of these organisations as they review their history and plan their futures. Thus, our aim of "developing practical methods of embedding non landlord activity" is achieved through the creation of a structured set of themes and questions for social landlords to use in their strategising.

In the course of the project, we have gathered evidence mainly through interviews and analysis of documentation. Chapter two presents our empirical findings, distinguished by type of activity: social housing for rent, social housing for sale, care and support, additional services for residents, neighbourhood services, and neighbourhood planning and management. In chapter three, we use our material to develop general principles for embedding non-landlord activities within the landlords' organisations. Chapter four wraps up the report with a summary and conclusions.

We can honestly say that it has been a pleasure to work on this project. It deals with an issue that is both of practical and scientific interest. Hopefully, our enthusiasm is borne out by the report.

*Taco Brandsen*

*Teresa Cardoso Ribeiro*

*Richard Farnell*

MARCH 2006

## 2. Empirical findings

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### 2.1 Introduction

The fieldwork for this project was conducted during the period October 2004-April 2005. We conducted interviews with staff and stakeholders of eight social landlords (Aler Brescia, Aramis, Casade, Gallions, Oaklee, Prime Focus, Touchstone/Keynote and Westgate) in four countries (Ireland, Italy, the Netherlands and the UK). The organisations we have studied are without exception private non-profits, although their legal forms vary. All the information we have used has been verified by our respondents. In addition, we have received extensive documentation from these and other landlords, as well as information on national housing systems. Our sources are listed at the end of this report. The analysis and recommendations represent the views of the researchers, not necessarily of the members of the Rex Group.

The organisations and countries were not chosen as a representative sample, but as members of the Rex Group to which we had full access. We therefore do not pretend that this is a basis for systematic analytical generalisation. Rather, it provides an analysis of intensive case studies that signals historical trends and current developments. This serves both the development of practical methods and offers the groundwork for future, more standardised studies. Unfortunately, this kind of cross-national intensive casework has been lacking in housing research, which is currently dominated by extensive research.

In paragraph 2.2, we will briefly describe the national context in the four countries we examined. Next, we will discuss a typology that distinguishes the activities of social landlords as social housing for rent, social housing for sale, care and support, additional services for residents, neighbourhood services, or neighbourhood planning and management. We will describe our results for each of these types in paragraphs 2.4 through 2.9. Paragraph 2.10 gives a brief summary.

### 2.2 National contexts

In each of the four countries included in this study, we have examined the general conditions under which social landlords operate. Of course, these also influence the scope for non-landlord activities. The social housing systems in Europe vary considerably and, although there is a rise in the significance of



home ownership and private social landlords, there is no decisive evidence of a trend towards a unitary model. It is important to be aware of the differences; however, as this is not central to our enquiry, we will here provide only a brief description of each national system.

### *The Republic of Ireland*

Irish housing is dominated by home ownership. Of 20% rented housing, almost half consists of social rented housing. The large majority of these (about 90%) are controlled by local authorities. Private non-profit social housing is therefore relatively small. Yet it is quite easy to register as a voluntary housing association and therefore there is great scope for sectoral cross-overs within the voluntary sector. This is increasingly done by care providers who wish to access housing funds. The private social housing is therefore often focused on specific groups (elderly, homeless, disabled) and spread across several hundred associations with a small stock.

Funding for social housing construction comes from capital subsidy loans and subsidies from the local authorities, from money drawn from the State Housing Finance Agency, so private capital is usually accessed only indirectly. There are no individual housing subsidies. In the last few decades, many of the best social housing stock has been sold off through Right-to-Buy schemes. A growing problem is that because of sale discounts and booming house prices, the revenue from sales is nowhere near sufficient to cover the costs of new construction. At the same time, the demand for social housing is rising.

The regulatory regime in the Republic of Ireland is fairly light, in the sense that there is no strict central regulation or monitoring of performance. Local authorities do have significant influence through their intermediary role in funding, but this does usually not translate into direct representation of supervisory boards, as in the Italian case. It should be noted that the situation in the Republic of Ireland is in many respects different from that in Northern Ireland, which we will discuss below.

### *Italy*

Italy, like Ireland, is primarily a home ownership society. Social housing is provided by public housing agencies (Agenzie territoriali per la casa – ATER's), municipalities, co-operatives and commercial developers. Together they hold about 7% of the total housing stock, of which ATER's control a little over half. Social housing for rent is of two types: one will stay rented housing, while the other can be sold after a period of eight years.

All social housing providers are eligible for subsidies from the national and regional governments (increasingly the latter). Funding for new construction comes in the form of grants and loans. For ATER's, construction costs are totally covered by national governments. Operating costs should be covered by rents, but rent levels are controlled by the regional governments. There has to be agreement on rent levels and the type of construction between the ATER and the municipality before new construction can commence.

Public control over social landlords often takes the form of direct representation of local and regional officials on supervisory boards. Their activities are targeted on low-income households and more strictly defined than in any of the other countries. Although over a million social dwellings were built in the post war period, the social rented sector never grew significantly larger because large segments of the stock

are continually being sold off.

### *Netherlands*

Over 40% of the Dutch housing stock consists of rented housing, of which about 80% is in social housing. The latter is virtually monopolised by private housing providers, which are either associations or foundations. Social housing is typically for rent, though there is an increase in sale and intermediary forms of ownership. Sale is encouraged by the national government, but not enforced. Increasingly social housing covers groups with special needs, particularly the elderly.

Social housing providers operate largely without subsidies from the national government. Revenues come from sale and rents. Funds for new construction are acquired on the private market. Loans are mostly guaranteed by a private fund (the Waarborgfonds Sociale Woningbouw – Guarantee Fund for Social Housing), which is in turn backed by the state, so that interest payments can be kept low. The social housing providers increasingly work with a variety of partners to realise projects in the field of care and in neighbourhood planning.

During the late 1980s and early 1990s, public regulation and funding of social housing were significantly scaled back. Of the countries within this study, it is here that social landlords operate with the greatest measure of autonomy. Performance controls are fairly broadly defined and local authorities have no direct control over the activities social landlords undertake. Currently, there is a renewed debate on their performance, the scope of their activities and their relationship with local and central authorities.

### *United Kingdom*

From the mid 1960's on, for twenty years housing associations in Great Britain benefited from substantial government grants for the purchase and rehabilitation of older property. Capital grants were often in the region of 90%. Significant change was initiated in the 1980's with associations having to enter the private finance markets to borrow in order to develop. Increasingly, the governments of the day have seen associations as one of their tools to implement housing policies (although direct local authority remains dominant, controlling over 60% of the social housing stock). Encouragement was given to provide for the special needs of the elderly and those with disabilities.

Through the 1990's, and particularly since 1997, there have been opportunities for partnership working with other agencies in responding to the needs of disadvantaged neighbourhoods as well as those in difficult housing circumstances. In 2003 the National Housing Federation launched its campaign to re-brand associations to government and the outside world as organisations that are 'in business for neighbourhoods'. The current pressures from the Treasury for greater efficiency and from the Office of the Deputy Prime Minister for greater output in line with government's 'sustainable communities agenda' complete this brief sketch of the UK context.

The Housing Corporation, a quasi-non-governmental body at arm's length from the Office of the Deputy Prime Minister [ODPM], combines the role of funder and supervisor. It regulates housing associations both through performance control and the allocation of grants. Broadly, one could say that its influence is greater than that of supervisors in the Netherlands and the Republic of Ireland, but less than in Italy. Local authorities are strategic partners for the associations, but (in contrast to the municipal housing

organisations) they have little direct control over them.

The situation in Northern Ireland is slightly different from that in England. Housing associations tend to be smaller – less than a third of the associations own almost 70% of total stock- and overall the private non-profit sector is fairly marginal at 3%. The most important institution in Northern Irish housing is the Northern Ireland Housing Executive, a regional housing authority that controls most of the social housing stock directly, but also influences the associations through control of waiting lists and new housing schemes.

### *The effects of the national context*

Clearly, the landlords studied in this project work under very different conditions. On the basis of a limited number of case studies, it is not possible to come to general conclusions about the effects of such conditions (especially as these constitute a cluster of complicated variables such as economic conditions, current state policy, historical development etc.) Also, the case studies we have chosen are not representative of social landlords in general. Rex Group members, particularly those involved in this project, are especially interested in NLA.

And yet – there do seem to be certain common features. In nearly all cases, there is an element of care for specific groups, especially the elderly and the disabled. In addition, all landlords have expanded their activities from management of their housing stock to involvement in neighbourhoods. The main differences concern the implementation of these efforts and their presentation to the outside world. This is interesting, because it suggests that the NLA reflect general needs that social landlords are faced with, rather than the idiosyncratic ambitions of individual managers or specific national policies.

## **2.3 Cataloguing activities**

In the remainder of this chapter, we will discuss our findings on the basis of a preliminary typology of activities.<sup>1</sup> Our starting-point is the notion of the landlord, meaning that activities can be distinguished in terms of how they relate to the management of social housing for rent. For most social landlords in the four countries, though not all, this is traditionally the core task. In the next chapter we will begin the discussion whether the notion of the landlord is still an adequate way to think about the activities concerned.

We distinguish six types of activities:

- 1. Social Housing for rent**

Allowing tenants (households or organisations) to acquire user rights over property owned by the social landlord.

- 2. Social Housing for sale**

Transferring property rights from the social landlord to occupants.

- 3. Care and support**

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<sup>1</sup> The typology was constructed on the basis of an initial inventory of the activities in question. The UK's Housing Corporation has developed an interesting and somewhat different categorisation, more specific to the UK situation (see Housing Corporation, 2005).

Integrated housing and care services for clients with specific needs.

#### **4. Additional services for residents**

Landlords offer other services to their tenants in order to improve their quality of life and secure 'better' tenancies.

#### **5. Neighbourhood services**

These services are provided for the benefit of tenants, but also, potentially, for all residents of the neighbourhood.

#### **6. Neighbourhood planning and management**

This implies a move from services to comprehensive planning and structural involvement in local networks and communities.

We will now discuss each of these activities in more detail. It is important to stress that the distinctions between the activities are of an analytical nature. In practice, the same activity may belong to two or more categories. For example, staff operating on the streets may deliver services to individual tenants, but in doing so raise feelings of security and community spirit in the entire neighbourhood. Building accommodation for the homeless helps that specific group, but may also improve quality of life in the overall area.

## **2.4 Social housing for rent**

Housing stock has been brought into the ownership of social landlords through the acquisition of existing property (e.g. from private owners or local authorities) and through construction. In most cases, this is the activity with which the organisations under investigation started out, either as the result of private initiative or as a public agency. Exceptions can be found in Ireland, where a number of landlords are in fact care providers who registered as housing associations primarily to access new sources of funding to provide for the housing needs of those in their care.

The customers of the rented housing stock differ between countries. All landlords house low-income families, but the upper income ranges and the relationship between incomes and rents vary considerably. For Aler Brescia, rents are directly related to income and can drop below fifty Euro a month. Currently, only 20% of their housing counts as "private" and is allowed to be let at higher rents. This obviously affects the financial wingspan of the organisation.

In the UK approximately 80% of new tenancies go to people who are at least partially dependent on state benefits. Likewise, in Ireland, only households with very low incomes have access to social housing. By contrast, the Dutch social landlords house a relatively high percentage of middle-income families. This is of course related to the relative position of social rented housing in overall stock: in Italy (<10%) and Ireland (8%) it is marginal, whereas in the Netherlands (34%) it is still a sizeable segment. In the UK, of the 25 million dwellings, about 8% are housing associations and about 12% local authority stock.

State funding of the social housing stock also varies considerably. In Ireland, housing associations receive over 95% of capital loans and extensive construction subsidies from the state. There is no private financing. In Italy, although housing associations are under direct control from local and regional authorities, they receive little state funding. In the Netherlands, subsidies constitute only a minor part of the budget of social landlords and are only granted for specific projects. The landlords depend on

private financing and revenues generated from existing stock. Capital subsidies from the UK Housing Corporation are being stretched resulting in grant levels of around 33%.

Obviously, all organisations we examined undertake this activity. In financial terms, it is inevitably dominant. Differences concern the perception of its position in relation to the organisation's core task. For Aler, it is the core task from which everything else is but a derivative. For the others, it is an important activity, but increasingly part of a wider programme. Oaklee regards it as one element in providing care to groups with specific needs. For English housing associations their general concern with neighbourhood and community regeneration rests on substantial business activity in rented social housing.

#### **Touchstone: initiatives to improve overall quality of life in their neighbourhoods**

Touchstone has a total housing stock of 12.000 rented units. Despite increasing diversification, its main focus is still on housing management, in which one of the aims of these additional activities is to reduce tenant turnover. However, this may be in the process of changing. As one employee noted, "we are not just interested in housing activities, but we want to be the catalyst to improve the overall quality of life for our tenants and other residents living in the neighbourhood".

Among Dutch social landlords, the emphasis tends to differ, but for Aramis and Casade social rented housing has now been subsumed within a broader vision.

#### **Aramis: from housing to living**

Aramis manages about 10.000 units in and around Roosendaal (a city with in total 70.000 inhabitants). According to Aramis, their core business is 'taking care of living', also called 'housing+'. The '+' stands for their commitment in improving living conditions, the quality of housing and the enhancement of neighbourhood quality by additionally providing 'services related to living' and by doing so 'responding to the needs of the neighbourhood'. That is why, according to Paul Doevendans, manager strategy and policy, Aramis went from a provider of housing to a provider of living. Their mission statement is: 'Aramis wants to contribute to the 'living happiness' (in Dutch: woonplezier) of all housing consumers of West-Brabant, especially the 'vulnerable ones'. Our main task is to offer not only our tenants, but also all other inhabitants security and freedom of choice and to contribute to the quality of the city and amenity (in Dutch: leefbaarheid) of neighbourhoods.'<sup>2</sup>

## **2.5 Social housing for sale**

The sale of social housing is a more recent phenomenon, which can roughly take two forms. One is the complete transfer of property rights to tenants, the other the creation of forms of shared ownership. This is clearly a landlord activity, but it is worth mentioning in this context for two reasons. First, it can significantly affect the portfolio and financial flexibility of landlords, both positively and negatively. Second, it can potentially be used as part of broader strategies, in terms of choices offered to residents and/or neighbourhood planning.

All landlords except Aler Brescia have been involved in the sale of housing, though on different terms. In

<sup>2</sup> Aramis (2004) Strategisch kader Aramis 2004-2005, Wonen voor klant en stad, p. 1.

Ireland, a large proportion of the social housing stock has been sold off as part of right-to-buy schemes. Oaklee recently started building housing for sale as part of mixed tenure development. The UK policy of the 'Right to Buy' at discounted prices was extended to the tenants of non-charitable housing associations in the 1990's. In the Netherlands, the government began to encourage the sale of social housing stock during the 1990s, but it was never actually enforced. The percentage of housing sold to tenants in recent years was only a fraction of the government's target. Casade sells about 50 units a year. In a current construction project, Aramis offers 150 units without predetermined ownership. Rather than offer a house "for sale" or "to let", the ambition is to allow residents to decide over the kind of contract that suits them.

#### **Aramis: not for rent or sale, but 'for living'**

Aramis is building 150 new homes in Kalsdonk, which the association will not put up for rent nor for sale, but for what they call 'Te Woon' ('for living'). This means that people can decide for themselves whether they will rent or buy one of these 150 newly built homes. Whenever someone opts to rent, the possibility to buy remains open. Also, whenever someone decides to buy their home, but lacks the necessary means to do so (which is often the case, considering the pace at which property values go up in comparison to the incomes), it is possible to make use of 'Koopgarant'. 'Koopgarant' (translated: buy with guarantee), an initiative of the housing associations Woonbron, Woondrecht, de Alliantie (incl. Aramis) and Saenwonen, gives buyers up to 25 percent discount on the regular property value and guarantees that whenever someone wants to sell their home, it will be bought back (the so-called buy back guarantee). Further, should someone be so unfortunate as to see the value of its property drop, the original selling party will share the loss. In return, any profit will be shared as well.

The extent to which sale generates funds for new construction depends both on the state of the housing market and the discount given to tenants. In Ireland, state regulation linked the discount rate to the length of tenancy, and often the discount was as high as 30%. With booming land and housing prices, the revenues generated were not nearly sufficient to replace the units that had been lost. In the Dutch case, discounts are usually only 10%, making sale far more profitable. Moreover, Dutch social landlords have greater choice over which units to sell, which means that it can be used more strategically. More associations in the UK are making decisions to dispose of housing stock that does not fit their strategic priorities, in addition to continuing 'right to buy' sales over which they have little control.

Shared ownership is common in some countries but not in others. Unlike Scandinavia, for instance, there is no tradition of co-operative ownership. Aler Brescia is not involved in shared ownership. In the Netherlands the spread of intermediary ownership forms is still fairly limited. Aramis leaves the choice of contract to prospective residents and the alternatives include intermediary varieties. In the UK, Gallions has recently started with shared ownership for tenants who cannot afford home ownership on the open market. The tenant buys an equity share in the property (from 50% up) and pays rent over the part still owned by Gallions. This is a common model for Touchstone, pioneered in the late 1980's. Prime Focus has a subsidiary that specialises in the development and management of shared ownership housing.

Where sale is voluntary, it is undertaken mainly for two reasons. The first is the generation of revenues for cross-subsidisation, the second the creation of mixed tenure. Although home ownership has strong normative connotations, social landlords increasingly seem to use sale as an instrument within a



broader strategy, in neighbourhood management and/or regarding the relationship with tenants and prospective residents. Current issues mentioned in relation to this activity concerned regulation (method of sale, enforced discounts) and experimentation with intermediary forms of ownership.

#### **Touchstone: affordable home ownership**

Touchstone's sale policy is tightly connected to its neighbourhood approach, rather than to a policy on sale per se. In certain areas (e.g. in Stoke on Trent), in co-operation with city councils, it encourages people to buy their own home by setting up programmes for affordable home ownership. This helps to diversify the housing stock so that people can move to different houses during their lives without having to unwillingly move to a different neighbourhood. This also helps to generate market ownership for people with a higher income level. This is part of a larger programme for market renewal in the West Midlands, UK, aiming (among other things) at more evenly mixed tenure.

## **2.6 Care and support**

Care and support constitute such an important activity that they merit specific mention. Nearly all landlords have encouraged the integration of home and care services. This involves two elements. The first is the construction or adaptation of housing units specifically for groups of tenants with special needs, including care. This may take the form of specially constructed community housing for the mentally disabled, or apartment blocks adapted to the elderly by installing elevators, removing thresholds and so forth. The second element is the offer of services which some of these tenants require. For example, a number of elderly require household help, easy access to health care facilities and organised recreational activities. The latter are clear examples of NLA.

What differs between landlords is the manner in which the integration of these two elements is achieved. In the case of Aler Brescia, the organisation largely restricts itself to the construction of specially designed housing for the elderly. There is no direct involvement in the delivery of services, but buildings are constructed expressly to facilitate these services. For example, there are recreation rooms in which activities are organised, and the elderly get touch screens through which they can contact providers of care.

Other social landlords go further. Those in the Netherlands and the UK have all engaged in alliances with other organisations that have the provision of care as their core business. Casade has built specialised housing for the disabled in co-operation with Prisma, a large service provider operating in the Brabant region. Prisma pays rent like a regular tenant, but the integrated home/care package was planned from the start.

#### **Casade: bringing disabled people back into society**

About six years ago Casade and Prisma, an organisation specialised in service provision to disabled people (2000 clients), joined forces and set up a community centre for disabled people, their families and friends with the purpose to allow them to have a 'full citizenship' by keeping them informed, offering training-programmes and other activities to stimulate a proactive lifestyle.

Likewise, Aramis co-operates with providers of home care and intramural care.

### **Aramis: growing old, staying yourself**

'Growing old, staying yourself' is the motto under which the Groenhuysen Foundation operates as a partner of Aramis in providing home care. The services vary from assisting with housekeeping and hooking the elderly up to an alarm system, to specialised care delivery. These services are offered and coordinated through 'HetPunt' (translated: the point), an initiative of Aramis, Groenhuysen Foundation and the City Council of Roosendaal that opened its doors in 2004.

Both Prime Focus and Touchstone have substantial involvement with the provision of housing with care. Touchstone has three major developments in partnership with the Extra Care Charitable Trust to provide 'villages' for older people who are in need of increasing health care provision.

### **Touchstone's elderly care**

Touchstone has about 3,200 units for older people with needs and delivers supported housing to people with learning disabilities and health problems. The supported housing stock is about 33% (4,000 units) of Touchstone's total housing stock (12,000 units), although it does not consider supported housing as its core business. Its activities break down into three types:

- (1) "Housing packages" for those who need support other than the elderly (e.g. in relation to domestic violence. These are provided with specialized partner organisations to deliver the service.
- (2) "Extra care housing" for the elderly, trying to maintain their independence as long as possible. The actual care activities are carried out on a joint venture basis with specialized partners, in particular the ExtraCare Charitable Trust. However, the housing association's staff has an important advisory and monitoring role in developing the service (e.g. health checks, provision of information).
- (3) Retirement housing, which involves the management and maintenance of housing owned by retired people, so that they can stay as long as possible (in relatively good health) in their own homes instead of going to a retirement home. This includes domiciliary and repair ("handyman") services.

In Ireland, some housing associations both provide the housing and the care in-house, employing staff specifically for that purpose. The Westgate Foundation is a 'senior citizens club' which has a wide range of initiatives, housing accommodation being just one. This applies to care providers registered as housing associations, but also to Oaklee, which was a housing association to begin with. Oaklee has a mixed portfolio, offering some care itself, the rest through alliances with care providers. One of its reasons for providing care directly is to raise overall quality standards. It was also involved in the construction of a shelter and housing units for Focus Ireland, an organisation for the homeless.



**Mulranny: Saint Brendan's Village**

Saint Brendan's Village, Mulranny, was an initiative of a local doctor [General Practitioner] in the mid 1980's in response to situations where people in need of residential or nursing care were forced to leave this remote community in Co Mayo. Initially low support sheltered housing was provided to be followed in 1998 by a high support unit able to provide for all levels of nursing care. This scheme provides accommodation for elderly and disabled returning emigrants.

The provision of care to groups with special need is becoming increasingly important for all social landlords. For some, this is even regarded as part of core business. The attraction of this activity is that it concerns both a genuine social need and a secure market niche. With some exceptions, the most common method to realise this is to enter into alliances with other organisations that provide care. Problematic issues are communication with these care providers (different types of organisations, "language problems") and regulation.

## 2.7 Additional services for individual tenants

Apart from care, there are other services (other than those related to maintenance) that social landlords offer or facilitate. These include:

- *Welfare benefits advice*
- *Energy supply*
- *Household insurance packages*
- *Internet access*
- *Art on loan*
- *Garbage collection*
- *Transport discounts*
- *Employment training and counselling*
- *Child care*
- *Shopping*
- *Laundry and cleaning services*
- *Campaigns, e.g. on diets or smoking.*

One could roughly divide these into three types of services. The first are more luxury services, aimed at well-off tenants in order to strengthen the attractiveness of the housing unit. Examples are shopping services and extended hours on regular services. These are relatively recent inventions in social housing, stemming mostly from the 1990s. Most were to be found in the Netherlands, as this country has a relatively high proportion of middle-income tenants in social housing. The second type of service is aimed at social inclusion. Individual tenants are helped to overcome problems (health, skills, experience, and time) that prevent them from participation in mainstream society. This includes childcare, employment schemes and health campaigns. Given the clients of social housing, this is by far

the most widespread type. Finally, there are services that are targeted and pursued because it is possible to achieve these at lower costs to tenants than would otherwise be possible. Examples are collective energy contracts, laundry facilities and garbage collection.

In the Netherlands, the 1990s were the “wild years” in terms of services. Landlords across the country were exploring new possibilities and trying to hit the headlines. Now, the edge has gone off these experiments. Some were blocked by the Ministry of Housing, some have been voluntarily discontinued, others have become part of the regular package. Both Aramis and Casade offer Woonenergie, an initiative in which social landlords combine energy demands in order to get lower prices (in response to the recent liberalisation of the energy market for consumers). Casade also offers Woonverzekeringen, an insurance package.

#### **Casade: woonverzekeringen (home insurances)**

Casade is offering their tenants ‘Woonverzekeringen’, which allows them to get a third party insurance, a so-called ‘tenant interest’ insurance to co-finance a new kitchen or bathroom and insure their belongings in their homes without any extra fees. Casade operates as a intermediary negotiating favourable terms as a member of a large partnership between 6 housing associations in south of the Netherlands making it possible for its tenants to benefit from the advantages of a collective insurance.

Touchstone provides a range of these services. One of Touchstone’s most interesting projects has been its Laundry and Cleaning services (TLC) unit.

#### **Touchstone Laundry and Cleaning [TLC]**

TLC provides domiciliary services. Traditionally such services were provided by Coventry City Council, but as the waiting lists were causing escalating situations, TLC was set up in addition to the services already available. It was later expanded and made available to general needs tenants in the supported housing segment (see above). Interestingly, the arrival of TLC has led to an increase and diversification of the demand for services. One activity resulting from this is the ‘handyman’ service for supported housing.

Prime Focus has a subsidiary [Focus Pathways] that provides an employment service for residents. Gallions does not provide such a range of services in this category because at its formation, just a few years ago, these activities were given to a partner organisation working alongside them. On the other hand, the Westgate Foundation has a vast range of these services if on a smaller scale than the UK associations. Aler Brescia does not seem to provide such services.

Of all NLA, this appears to be the most diverse. However, it appears that services for residents tend to cluster around two poles, either care (as discussed in the previous section) or social inclusion.

## **2.8 Neighbourhood services**

The distinction between individual services and neighbourhood services is a slim one in terms of impact. Clearly, helping individual tenants get jobs may raise the overall quality of life in the area. The difference is that neighbourhood services are not targeted at improving the life of tenants, but at improving the

general area or community. For instance, it may not be fitting for a social landlord to organise recreation when considered at the level of the individual tenant, but it may be at the level of the neighbourhood. The implication is that any resident, even those who are not tenants with this landlord, will benefit from these services. They include:

- *Small scale environmental improvements*
- *Improving safety and security*
- *Social, entertainment and leisure activities*
- *Community development*

Aler Brescia does not directly provide neighbourhood services, but it does facilitate them. It provides the building for a local social co-operative free of charge, allowing it to continue its operations despite a partial loss of council funding. The services of the co-operative include the day care centre Elefanti Volanti ("Flying Elephants"), as well as employment programmes for teenagers and general community development.

#### **Aler Brescia: Elefanti Volanti**

Elefanti Volanti is an example of the partnerships Aler Brescia seeks with third parties that are involved in service delivery to the citizens, not just tenants, of Brescia. Elefanti Volanti provides childcare to 3 to 6/7 year olds. Aler Brescia does not intervene or have a say in the content of the services delivered, it is only involved as the provider of housing facilities. In the case of Elefanti Volanti, Aler Brescia provided the building free of charge.

Oaklee's co-operation with Focus Ireland has helped to pioneer an innovative shelter scheme, giving the latter better access to a difficult group within the homeless category.

#### **Oaklee and Focus Ireland: Caretakers**

Caretakers is a place where young people (16-21 years of age) who are using drugs and are currently living out of home, can enjoy a night's accommodation in a safe, non-judgemental, drug free environment between 8.30 pm and 9.30 am. Everyone staying at Caretakers is given a warm meal, the opportunity to shower (30 minutes max.) and a single room for the night that can not be shared with someone else. Each room is equipped with a night nurse emergency button. In case of an emergency the staff will attend immediately. The staff of Caretakers are in good contact with the local police, but their main concern is the people they take care of.

The social landlords in the UK and the Netherlands have a broader range of neighbourhood services, which are more openly presented as such. Casade has a separate budget of 45.000 Euro for making small environmental improvements, in which tenants have a say.

The Westgate Foundation in County Cork provides a wide range of neighbourhood services as defined here. From the community centre in the 'village', services are provided for people in the immediate vicinity, including transport, meals on wheels, entertainment, craft work, fitness clubs and the like. Gallions in Thames Gateway shares its premises with a community centre providing a similar range of activities for local people of all ages. Interestingly, the association offices also house the local police presence and

a sizable, award winning neighbourhood wardens scheme funded by central government.

Both Prime Focus and Touchstone have wardens in parts of their wide geographic spread. Such presence has had a large influence on local peoples' sense of safety and security. One of the Touchstone schemes is based in a 'community hub' in a district of Stoke on Trent that is a valuable resource for a range of community advice and support agencies. Touchstone is also involved in some community development work, but this is mostly coordinated through external professionals and through networks of partnerships. For example, in one project they brought in consultants to assess the need and demand for live-work accommodation in the Jewellery Quarter in Birmingham. In addition, under the heading of "Magic Moments" it organises group events for older residents including cruises, day trips, flights in hot air-balloons and helicopters, Christmas concerts and so forth.

Nearly all social landlords engage in neighbourhoods one way or another. Differences exist in presentation (how explicitly is this activity presented?) and in links to comprehensive programmes. The Dutch and English landlords try to plug these services into broader strategies, in which they work in partnership with local authorities and tenants. In the Italian and Irish cases, activities appear to stand on their own, and to go ahead only with tacit consent from local authorities, in spite of official policy.

## 2.9 Neighbourhood planning and management

Neighbourhood planning and management imply that efforts to influence neighbourhoods go beyond services. It means social landlords try, not just to attack problems in neighbourhoods, but also to shape the neighbourhood itself, in terms of its social and institutional fabric. Landlords already influence the appearance, composition and development of areas through their real estate (landlord) activities. Neighbourhood planning and management concern the intangible side of the areas, the ties between residents, between professionals, and between residents and professionals. This dimension is about the issue of power and influence in these neighbourhoods. Who is making the decisions that affect the neighbourhood and to whom are the powerful listening?

Individual and neighbourhood services are incorporated into a comprehensive vision that is actively pursued within the organisation itself and in its relations with communities and organisational networks. This vision often includes its own development in co-operation with residents and other parties. More specifically, that entails:

- *Identifying community needs and wants*
- *Working with the community to develop plans and policies*
- *Developing strategies for influencing decision makers*
- *Encouraging the co-operation between authorities and service providers active in the area.*
- *Encouraging wider participation in civil society.*

Again, the situation between countries is quite different. For Aler Brescia, neighbourhood planning on a large scale is not on the cards, although its technical department consisting of 20 architects is seen as a respected partner by Brescia's City Council. Nevertheless, its stake in the development of new neighbourhoods is becoming increasingly less certain, as it has to compete with other providers. However, it does encourage tenant participation by offering the tenant association office space in one

of its apartment blocks, as well as continued access to various parts of the organisation.

#### **Aler Brescia: Progetto Carmine**

In 2001 the City Council of Brescia, situated near Milan in the north of Italy in the province of Lombardy, started revitalizing the historical city centre of Brescia, the Carmine borough, in partnership with Aler Brescia to improve its social status through restoration of the old buildings (medieval houses), making it a more attractive place for people to invest and generate employment ([www.comune.brescia.it/progettocarmine](http://www.comune.brescia.it/progettocarmine)). While doing so they kept in mind the lessons they learned from experiences in the past. Carmine was once a very popular place. In 1900 about 34% of all Brescians lived in this part of town. Due to a lack of maintenance to the buildings, it became a less attractive part of town to live in. Therefore, by 1976 city council decided to set up a large restoration plan. Many properties were turned into living areas and less attention was given to what had made Carmine so attractive in the first place, namely its Italian artisans and traditional merchants. The transformation was completed with the arrival of many immigrants during the nineties, who were attracted to the relatively low-cost living in Carmine. Unfortunately, low costs meant also not much maintenance, a crime increase and prostitution, which once again led to the decay of this historical part of Brescia. With 'Progetto Carmine' Brescia wants to bring back the old characteristics and integrate them with the cultural richness that multi-ethnicity has brought and improve the quality of life for everyone.

Irish social landlords also have a relatively minor presence in neighbourhoods and relatively limited resources, which means that their scope for intervention is not broad. Like Aler, Oaklee has a tenants' forum.

The Dutch and English social landlords have more scope for this type of activity. The Dutch ones tend to have good access to local professional networks and a large, relatively concentrated stock, which facilitates neighbourhood planning. Casade just signed an agreement with the local authorities in Waalwijk about the improvement of quality of life in neighbourhoods. In Waalwijk they participate in neighbourhood teams with other organisations (the police, local authorities) which try to address problems in their respective areas. In Kaatsheuvel, it is constructing a neighbourhood centre that integrates a primary school, health care facilities and housing units for the elderly. Both Aramis and Casade invest strongly in tenant participation, both on a regular basis and during projects.

#### **Aramis: partnership with S&L Zorg**

The relationship of Aramis and S&L Zorg, an organisation based in Bergen op Zoom offering permanent living accommodations to mentally handicapped people of all ages, started out as one between landlord and tenant. Aware of the extensive demand of mentally handicapped people for housing, both organisations signed a letter of understanding in 2000. Their cooperation started by analyzing the demand on the waiting list. People were asked where they wanted to live (in the city or rather in a smaller town) and so on. After getting the information S&L Zorg made a 'program of demand', which it presented to Aramis. Aramis responded by making suggestions about suitable locations. The potential clients were consulted in the beginning and at the end of the design process. In total this project took about 4-5 years.

Gallions Housing association was formed when the private Thamesmead company was disbanded in the late 1990's. Its 6,000 properties are concentrated on one estate and so anything that affects that estate is of their concern. A major regeneration project is about to commence with considerable demolition of their existing stock and together with large-scale redevelopment of property for sale and shared ownership. Touchstone is the first association in the UK to be responsible for a 'neighbourhood management' pilot exercise in a district of Wolverhampton, a project funded by the Housing Corporation. Community participation processes are an essential aspect of this work. Both Prime Focus and Touchstone are fully involved in government initiatives for what is called 'housing market renewal'. This requires a participation in the processes of master planning and in the implementation of those plans. Touchstone has taken steps to recognise neighbourhood regeneration as a specific activity within its organisation and in 1999 founded an organisational unit for that purpose. It is active in five different towns in the Midlands area, working with different partners in each. There was an initial focus on large 'flagship' projects – expressly with the aim to establish a reputation in the field- such as a Foyer (a 63 bed supported housing project for young people), the Broad Heath School Redevelopment in Foleshill, and an ICT – centre in the City of Coventry. In recent years there has been an effort towards a more comprehensive neighbourhood approach, placing greater demands on the internal positioning of the regeneration unit. Touchstone has been involved in other neighbourhood management pilots in co-operation with local authorities.

#### **Touchstone: Broad Heath School Redevelopment in Foleshill, Coventry**

A redundant Victorian school building in Foleshill owned by City Council and build on municipal ground had been 'sitting around' and only been used for ad hoc purposes up until 2003. In the last 2 years it has been transformed into a young person's leisure facility, an enterprise facility, eight live/work studios and new build housing. Recently it was formally opened and is now equipped to help create tomorrow's entrepreneurs.

Insofar as the Irish and Italian organisations are involved in neighbourhood planning, it concerns mainly their own tenants and thus remains within the organisation. The English and Dutch landlords engage in broader programmes and also work at the level of local networks. For the latter, neighbourhood planning and management are increasingly regarded as part of core business, though this is clearer in the English cases. It means issues faced by the organisations primarily concern co-ordination.

## **2.10 Conclusion**

What this overview shows is that the activities undertaken by social landlords, though implemented in different ways, seem to cluster around two key issues: meeting the needs of specific groups especially in relation to care and the management of neighbourhoods. There are differences in relative emphasis, presentation, and most significantly, in how these various activities are connected to what the organisation regards as its core business. This will be the issue discussed in the next section.

The following table summarises the findings so far. The activities mentioned in brackets are examples only and not meant to be exhaustive.

	<b>Aramis</b>	<b>Cascade</b>	<b>Aler Brescia</b>	<b>Gallions</b>
<b>Units in Management</b>	<b>10,000 (localised)</b>	<b>8,000 (localised)</b>		<b>6,000 (estate based)</b>
1. Social housing for rent	Yes	Yes	Yes	Yes
2. Social housing for sale	Yes	Yes	No	Yes
3. Care and support	Yes (S & L Zorg)	Yes (Prama)	Yes (No alliance)	-
4. Services for individual residences	Yes (Energy Supply Household Insurance)	Yes	No	Yes (Community Resource Centre)
5. Neighbourhood services	Yes (Neighbourhood Keepers)	Yes (Environmental Improvement)	Yes (Elefanti Volanti)	Yes
6. Neighbourhood planning and management	Yes	Yes (In 3 of the 9 neighbourhoods where housing managed)	Yes (Carmine Project)	Yes (Active Residents Committee)

Prime Focus	Touchstone	Oaklee	Westgate	Mulranny
<b>13,000 (distributed)</b>	<b>12,000 (distributed)</b>		<b>50 (one scheme)</b>	<b>31 (one scheme)</b>
Yes	Yes	Yes	Yes	Yes
Yes	Yes	No	Yes	No
Yes (Significant)	Yes (Significant)	Yes (several providers + in-house)	Yes (Primary purpose)	Yes (Primary purpose)
Yes	Yes (Welfare benefits Access to IT)	No	Yes (To cover medical, emotional & social needs)	Yes (To cover medical and care needs)
Yes	Yes (Neighbourhood wardens)	Yes (Homeless accommodation)	Yes (Wide ranging services to local elderly people)	Yes (For local elderly)
Yes (Attempts in Aston and through HART)	Yes (Neighbourhood Management in Wolverhampton, Housing Renewal in Stoke)	No	Yes (Active planning for its own growth)	Yes (Employing 25 local people, a contribution to rural regeneration)





### 3. A dynamic model of diversification

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In this chapter, we will analyse the findings presented in the previous chapter. First, we will discuss what they imply for the notions of non-landlord activities and diversification. Are they correctly phrased, or does the practice of housing associations suggest something else? This will be our starting-point for discussing the meaning of diversification for this specific type of organisation. Although one must acknowledge substantial differences between countries and between organisations, it is nonetheless possible to carve out a general scheme of the development of such activities. This scheme will be grounded in our understanding of how non-landlord activities have in practice evolved, rather than (only) in abstracted models of how they should evolve.

In paragraph 3.2, we will reflect on the evolution of the activities as we reconstruct it from our sources. Paragraph 3.3 will then grapple with the problem of how to model the development of such activities, when their actual development has often been characterised by trial-and-error and chance. In that sense, there is a gap between conventional management models (even those adapted to social housing) and the much less stylised reality of exploring organisational terra incognita. Our aim is to fill the gap, not by denying the value of practical management methods, but by nesting them in a dynamic model of organisational development. In paragraph 3.4 we will break this down into four aspects of organisations:

- *status,*
- *self-sufficiency,*
- *staffing, skills and structure and*
- *stakeholders.*

#### 3.1 Landlord and non-landlord activities

Though the notions of non-landlord activities and diversification seem self-evident at first glance, they become problematic as one delves into the actual activities of social landlords and the meaning of those activities for staff and tenants. To begin with, the term “non-landlord activities” is a negative, whereas we would really like to know what it does mean. Diversification suggests that landlords are involved in a greater variety of activities. This is true in a practical sense, but the term may not accurately reflect the

shift in core business that social landlords themselves perceive.

It was noted earlier that NLA seem to be clustering around activities concerning groups with special needs, and concerning the development of neighbourhoods. In this respect, one could argue that these kinds of activities help social landlords fulfil three types of functions:

### *1. Horizontal integration*

Individual people have needs that are not neatly divided along bureaucratic lines, yet the reality of modern welfare states is that services are provided by organisations with limited areas of operation (specific kinds of care, housing, welfare etc.). Social landlords may make connections between these various services and fill in the gaps that emerge. Sometimes, it means giving tenants easy access to different service providers; sometimes, different services are offered as one package.

### *2. Activation of communities*

Social landlords encourage the creation of social capital in neighbourhoods by bringing people together. They encourage 'bonding' between people of similar background and outlook, together with 'bridging' between those of different interests and commitments. Also, they help people to acquire the skills or means to participate in local communities and society generally (empowerment). In that sense, they are in the vanguard of civic society as many policymakers would like to see it develop.

### *3. Vertical integration*

Social landlords connect local networks of organisations with communities and, in so doing, encourage 'linking' social capital. They themselves are part of the organisational structure of service provision, yet they have better access to informal groups and individual residents than most other local organisations. It means they become a nodal point where the two worlds connect.

In short, non-landlord activities help social landlords break down barriers. They have assets that make them especially suitable for these tasks. They control buildings, which for both individuals and organisations alike constitute a major expense. A relatively minor investment for a landlord can be a major boost for local initiatives.

An example is the social co-operative in Brescia, which lost its state subsidy but could continue because its housing costs were covered by Aler (an implicit subsidy). The co-operative was potentially rich in non-financial assets (human resources through voluntary labour; community ties; access to young people), but needed the financial support to sustain them. A little financial flexibility can go a long way, greasing machinery that is ready to come in motion.

Another major asset is knowledge of communities and access to people. Social landlords are one of few organisations in local areas who can get in touch with people directly, physically, on a regular basis. Other organisations, such as municipalities, may have only a limited repertoire of options for reaching out to people. If the local authorities or police stand on your doorstep, they need a reason (more to the point, they often need official trouble). Social landlords have it easier and therefore also acquire more information that is not formally registered.

Especially in the Dutch and English cases, these kinds of activities are increasingly central in the organisations' focus. Aramis identifies itself through the notion of 'wonen' [living!]. Gallions is about 'community investment'. Prime Focus is a 'social investment agency' and Touchstone is into 'regeneration'. Core business is no longer perceived only as social rented housing, which (though financially it remains dominant) is relegated to one element in a more comprehensive vision. This creates tensions. On the one hand, the role of landlord is what makes the non-landlord activities possible. Also, it is the root of the organisation's identity, both in a traditional and a regulatory sense. On the other hand, the landlord role is no longer central in current ambitions. In such an interpretation, the term "non-landlord activities" refers merely to a traditional line of reasoning that is no longer current.

### 3.2 The origins of diversification

This brings us to the question how NLA have historically evolved. Diversification is, by definition, a dynamic process. It is important in our attempt to understand this diversification to look for the change processes that have been at work in social landlords. We need to grasp the histories and the mythologies that are generated, whether deliberately or not, by these organisations to explain past decisions and future trajectories.

Whilst the landlords have their individual stories to tell, there are, nevertheless, some interesting parallels emerging. In the activities itemised above, a degree of correspondence has been noted already. We have yet to establish whether there is a common dynamic between the landlords that could qualify as a pattern. A case could be made that the development of activity in the Dutch and English landlords has some parallels which separate them from the Irish and Italian examples. In the latter cases, NLA have not signified a far-reaching evolution of the organisations in question. In the Irish cases, housing evolved from care services, rather than the other way round, so the label NLA is off the mark and even misleading in this context. In the Italian case, NLA were of relatively limited scope and never formally acknowledged as belonging to the core of the organisation's strategy.

The development of the Dutch and English landlords could be described in terms of stages. These must be primarily regarded as analytical, rather than as an exact description of the historical progression of each organisation. In simple terms, the landlords commence their journey by providing social housing for rent, Stage 1. Awareness that the provision of rented property only is a limitation and that there is a need and a market for the sale of social housing, whether outright or on a shared equity basis, represents Stage 2. Probably in parallel to these developments there is the realisation that some people need more than a house; they also need care and support. Thus Stage 3 in the development of social landlord activity is identified. For associations like Aramis, Casade, Gallions, Prime Focus and Touchstone these developments could still be recognised as core landlord activity.

The move to Stage 4 with the provision of additional services for tenants marks the break away from landlord to non-landlord activity. Once such services begin to be delivered and developed there is a sense of the opportunities to extend some of that service provision to others in the neighbourhood, not just housing association tenants. This is stage 5. It is a common experience of community development, in the UK at least, that an initial concern to provide services into local communities eventually makes people ask more strategic questions about why such services might be needed in the first place. This is a step into wanting to effect change, not just in the quality of life, but also in the way decisions are made.

Stage 6 is often legitimately driven by mixed motives. Social landlords have aspirations to benefit the communities where they work and to ensure that business viability is maintained.

Where does the energy for this diversification come from? The interviews with the associations seem to suggest that there is a balance of factors awaiting identification. First, the values and aspirations of those leading the associations are crucial; mapping the changes in these is a useful exercise. Second, the organisational characteristics of the association need to be considered. Specific events, activity, assets and funding have to be appreciated along with the successes and failures that inform the common identity of the association. Third, the more structural setting of the organisation has to be crystallised. What has happened in the economic and the property cycle? What about government change and policy shift over the years? And of particular importance what has happened to the discourse between fellow travellers? Its influence should not be underestimated.

### 3.3 Modelling decision-making

#### 3.3.1 Introduction

The question is how can our insights into the historical evolution of NLA benefit the future development of such activities. In practice, there are already numerous models of decision-making for this purpose. Some such models have been specifically adapted to the social housing context, e.g. the Dutch MRM-model (see text box). Their emphasis is on the coherence of organisational decisions, based on strategic hierarchy.

#### **The Dutch MRM-model**

In Dutch social housing, social landlords have in recent years gone through a process of soul-searching. This has included attempts to define the concept of social entrepreneurship more precisely.<sup>3</sup> In addition, various methods are being developed to translate the concept to an organisational context. One of these is MRM (Maatschappij-Relatie-Management, Society-Relations-Management), an initiative from within the social housing sector itself. What sets it apart from more conventional management models is that it is not only geared specifically towards Dutch social housing, but that it adds an external component. The internal component allows social landlords to chart their identity as social entrepreneurs by defining relevant competences and conditions. The external component consists of auditing procedures, with the emphasis on dialogue rather than supervision.

At the heart of any such model stands an organisational vision. Every effective organisation seeks to clarify its purpose. Capturing the right words might not be easy but all will try. Such vision needs to be communicated to staff, stakeholders and pre-eminently to customers. The nine landlords researched here use a variety of expressions but with a common theme. They all place their landlord activity within a broader desire to improve the quality of life of the people and neighbourhoods where they work. For one, it is 'building a society where people can live together in co-operation' [Casade]. For another, it is making 'community investment which balances economic interests and social responsibility' [Gallions]. For a third, it is about developing the concept of 'wonen' [living!] to describe the approach to service

<sup>3</sup> E.g. RIGO, 2002; NTMO, 2003.

provision and to generating 'societal revenues' [Aramis]. Other terms are also used: 'regeneration' [Touchstone/Keynote], 'social investment' [Prime Focus] and 'enabling 80 year olds to open their minds and solve their own problems' [Westgate Village]. "In Business for Neighbourhoods", the strap line of the National Housing Federation [England], sums up the 'quality of life' concerns that capture the aspirations of all these associations.

Developing a vision, and articulating the values on which it rests, is the starting point for developing criteria for embedding non-landlord activity in the organisation. Of course, a vision needs translating into business objectives and realisable plans of action. It is in doing this that 'aspirations' are challenged and honed. Organisations will conceive of business 'objectives' in different ways and use different terminology. Some objectives relate primarily to process. Achieving these is necessary for survival and prospering: 'financial health', 'employee commitment' and 'good communication', for example. Others focus on substance. These are more than necessary; they have to be sufficient, too, if the organisation is to achieve its vision. It is at this point, as business objectives are being debated, that associations have to make choices about the extent of their diversification and their movement into non-landlord activity. It is at this point that the extent of service provision to residents and to others in the neighbourhood, the nature of involvement in neighbourhood governance and the targets for future growth will be explored and resolved. Chapter two provides a catalogue of activities that could be the subject of discussion over objectives.

Experience suggests that the devising and refining of business objectives is a strategic task that should always be at the forefront of board and executive thinking. Business activity may develop for all kinds of reasons and often with little eye to the vision and objectives of the organisation. "There were opportunities to grasp." "Boundaries were unclear." "There was much to learn by experimenting!" Regular reflection and strategic monitoring is called for as diversification becomes more embedded in the organisation.

### 3.3.2 Between models and practice

However, one must of course acknowledge that actual processes rarely approximate the stylised process which we have just described. Post war research in organisational studies has emphatically pointed to the messy and unpredictable nature of decision-making. Our own empirical findings hardly refute this body of evidence. Many activities did not originate from the strategic level, but from the street level, and the identity of the organisation was slowly constructed over a prolonged period of experimentation, with ideas shuttling roughly back and forth between the operational and the strategic level. Understood strategically, what we can see are processes of incremental change, fuelled by opportunistic activity linked to innovative ambition. These processes are interspersed with periods of reflection and strategic choice, often triggered by less than successful results. Innovation is by its nature an inefficient process.

This failure of management practice to conform to business models does not suggest that practice is inadequate, nor that such models are useless; rather, it indicates that such business models must be properly used. Their value in clarifying management discussions is undeniable, as they reconstruct decisions on a logical step-by-step basis. For example, they help to show whether actual activities are consistent with the strategic vision as defined at one point. However, such models must be understood in terms of real decision-making processes if they are to be useful. On the one hand, the organisation

requires a certain “slack” for innovation. There must be room for entrepreneurship, experimentation and (to some extent) failure. In practice, many successful efforts at diversification have developed bottom-up. What this means is that it is dangerous to bring all the various activities and initiatives within one overarching vision too soon, for fringe experiments may need time to come to fruition, and attempts to embed them within the organisation at this stage may prove counter-productive.

On the other hand, there comes a point at which such initiatives (if successful and thought essential) must be consolidated, organisationally embedded and given over to considerations such as efficiency. In other words, they must move from being an opportunity to being a necessity. What many business models implicitly try to do is to re-establish the coherence of organisations. Diversification is a process that tends to weaken the organisation’s internal links. Given the functions that housing associations fulfil (see 3.1), bridging communities and activities that are weakly linked, they transfer the strains of maintaining such links within their organisation. In other words, embedding NLA within the organisation can be regarded as an issue of connections; how are the new activities related to the organisation’s core activities in terms of indicators such as structure, staff and required skills? The nature of these connections will be explored in the next section.

### **3.4 Organisational embedding**

One of the major challenges of developing NLA is to make them fit within the existing organisation. This not only involves a decision on their overall desirability and relevance, but also on their incorporation into existing routines. Any manager knows it is difficult to change routines. In the remainder of the section, we will discuss the issue in relation to different aspects of the organisation: status, self-sufficiency, structure, staffing, skills and stakeholders. There are various potential configurations, more or less appropriate depending on the nature of the activity, the organisation and the context. Generally, we will argue that an increase in non-landlord activities requires more investment in the organisation’s “soft technology”, rather than in structural change.

#### **3.4.1 Status**

Status, in this context, refers to how activities stand in relation to the organisation’s core activities. This is the question that precedes all others. Are the activities project-based or structural? What we will assume is that this will be a decision based upon first-hand experience with activities; in other words, we will assume that final strategic decisions are made after an initial experimental phase and that managerial strategy deliberately incorporates scope for trial-and-error. This is based on the belief that non-landlord activities will be most successful when developed incrementally (as practice indeed shows). Innovation has been a main concern for the organisation we examined in this research project. As we have observed, this drive for innovation seems to derive at least partly from the nature of the work itself; confronted with the dynamics of real social problems, artificial (e.g. regulatory) boundaries between housing and other areas naturally tend to get fuzzy.

It is beyond doubt that such experimentation should continue, and while activities remain experimental it seems prudent not to embed them too firmly within the organisation. It would be unwise to integrate new activities with traditional ones before their risks and benefits can be properly assessed. This is



especially so as most housing associations face not only market risks, but also regulatory risks. It may take time before a regulator shows its cards, and time for a new initiative to win acceptance. At an early stage, a policy of risk reduction implies that NLA should be organised within separate organisational (at the very least administrative) units and only loosely coupled to the organisation's core.

The question is when and to what extent the activities should be mainstreamed and enveloped within the organisation's strategy? Of course, this in turn relates to the question whether the overall strategy should be adapted to include such activities, and what the range of such activities should be. This is in some danger of becoming a "chicken and egg" issue. Theoretically, the sky is the limit, and it is no use trying to find a natural boundary to the activities of housing associations. In practice, though, the following six simple criteria draw a rough line:

### *1. Regulation: is it allowed?*

Nearly all social landlords receive or have received public funding and are therefore subject to public regulation. Regulators everywhere put limits on what social landlords can do, although the level of strictness varies considerably. For example, the Italian range is far more narrowly defined than the Dutch one. These boundaries are changed and can even be pushed, but nevertheless they present the firmest limit to ambition.

### *2. Government policy: is it encouraged?*

Regulators are usually agencies of government doing their bidding, but government at central, regional and local levels can also have a decisive impact on the behaviour of social landlords. In a number of countries, government has seen private non-profit landlords as a tool of policy implementation, albeit with varying intensity and different means. Legislation may be enacted to define activity and outcomes. Funding controls are used unashamedly to influence decisions. Questions of legitimacy surround the actions of these landlords as government promotes accountability through public sector audit.

### *3. Historical competence: can we do it?*

Each organisation has historically developed certain strengths, by virtue of its activities, its staff and its traditional strategy. Although it is conceivable that an organisation develops into an entirely new field, this is very costly in the short term. With social landlords, it has been more usual to allow new strengths to evolve from existing ones over a period of time. In most cases, the starting-point has been traditional social housing for rent, and experience grown from dealing with real estate and tenants.

### *4. Coverage: can others take care of it?*

As social landlords have developed historical competence, so have other service providers, community organisations and informal groups. Business organisations need to consider whether it is feasible to branch out into areas that are already well-covered; social landlords also need to consider whether it is in the public interest. As noted above, they appear to be most effective where they fill gaps between existing services.



### *5. Synergy: does it benefit what we already do?*

If historical competence is a criterion for selecting new activities, then it also makes sense to scrutinise the effect of new activities on old ones. A major reason for keeping different activities within one organisation is that they are mutually beneficial. This is also a major consideration as regards how closely to embed new activities in the organisation's operational core.

### *6. Risk: is it wise?*

Enterprise-wide risk management has begun to influence the way that associations operate and needs to be included in the criteria for consideration of NLA. The financial and organisational implications are not insignificant as associations engage in activity where the income is less certain and the skills needed are in flux. Since social landlords are not commercial enterprises, there is a limit to the risks that must be considered acceptable.

There are many instances in which these criteria overlap. For instance, there are no Dutch social landlords who employ care staff directly. Not only would this be frowned upon by the regulators, it would also be an area in which they have no experience and no specific reason to challenge existing providers. That is not impossible, though, as is shown by such UK associations as Prime Focus that employ hundreds of care staff and by the Irish associations who were (and are) care organisations that branched out into housing ("non-care activities"). Although other social landlords were already active in this field, demand was such that new entrants on the market were welcomed rather than perceived as a threat.

Let us assume that the management have taken these criteria into account, and decided that certain activities need to be continued. Attention then turns to more concrete organisational issues such as self-sufficiency, structure, staffing, skills and stakeholders.

### **3.4.2 Self-sufficiency**

Can the activities in question run without support from the rest of the organisation? Are they meant to generate profits, to break even, or are losses acceptable? It is a given that for all these associations rent from residents is the primary source of income, supplemented by proceeds from real estate transactions and development fees. For many the three most significant areas of expenditure are property repairs and improvements, servicing organisational debt and staff costs. Surpluses from these basic activities may be available to fund non-landlord activity. Some have used a proportion of annual surplus as the mechanism for calculating budgets for NLA.

Some would argue that this way of thinking implies that diversification is marginal to the real business of the association and is thus at odds with its vision and purpose. That is to suggest that what is financially insignificant is of no value (like love, sunshine and childhood memories). What it does bring home, though, is that the activities in question are often of strategic rather than financial interest. This is supported by the fact that most landlords in this study do use cross subsidy to support their diversification, even if this is implicit. In addition, it is usual to search for funding from outside the organisation. Is it possible to enter into partnership with other agencies, including government, to access funding by way of grant or through partnership working?

One of the problems this creates is the need to co-ordinate grant funding. Access to capital funding, to create assets with continuing value, has to be packaged with revenue funding, to pay for those services that are provided on a continuing basis. There is little point having a building available if there is no funding to pay for service provision from the building. Obtaining such funding can involve substantial bureaucracy and the uncertainties of political decision making. Working with other organisations who know the routes and the potential pitfalls has much to commend it in these situations.

There is also the question to what extent it is possible and desirable to charge for services rendered. Where services are targeted at individual needs charging is an appropriate strategy, whether paid by the individual or by the state on their behalf. Can an income stream be created to cover the cost of these services including the additional indirect costs? Charging becomes more problematic where the services are not directed at individuals but are for the benefit of the community as a whole. Social landlords are not able to levy taxes! Also, it may be thought desirable to encourage the use of services by offering them below cost or free of charge.

It is here that the hybrid nature of many social landlords comes clearly to the fore. There is often no clear demarcation between public and market services, and many services affect society both at the individual and the collective level. Different types of charging can be justified, according to one's particular perspective on a service. Nevertheless, if such services are offered elsewhere, principles such as a level playing field come into play, and competition regulation generally indicates that services should be charged at market levels unless there is a good reason not to do so. Regardless of such external constraints on pricing, it is not a bad business principle that new activities should in principle be self-sufficient (i.e. prices should stay above cost level). Profit margins are a different matter. Kemeny has argued that the rents of social housing providers can dampen overall rent levels and have a civilising effect on the rental market; the same logic could be applied to services.<sup>4</sup> Alternatively, a successful activity can be used as a cash cow to cross-subsidise loss-making activities in the public interest. Such decisions depend on the nature of the activity, the regulatory framework and organisational strategy, so beyond the primacy of self-sufficiency, it is difficult to define general principles.

Pricing below cost should generally be undertaken only in three instances. First, the activity may be at the experimental stage, where the effects of pricing are tested on a small scale. Second, (segments of) the client population may be unable to afford market level pricing, although individual consumption is considered virtuous in light of the organisational strategy. Finally, consumption may need to be encouraged to achieve benefits at a collective level (e.g. neighbourhood level). Whatever decision is taken, NLAs require a transparent administrative system in which the cost and price structure of those activities are clearly and separately registered.

### 3.4.3 Staffing, skills and structure

Traditional housing management is changing. At one time all services in relation to a particular tenancy would have been provided within a unitary system. The creation of call centre/telephone and internet systems is separating out maintenance and repair responsibilities and the financial issues of rent payment, debt management and void loss. It is particularly in relation to staff responsible for the more face-to-face services such as lettings and behaviour management, that there is a need to embed NLA. To

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<sup>4</sup> Kemeny, J. (1995) *From Public Housing to the Social Market. Rental policy strategies in comparative perspective*, London: Routledge.

do this, one needs to be clear as to what staff requirements imply.

To begin with, most of the landlords provide some additional personal services to residents in need, whether health and personal care for the elderly, care for those with learning difficulties and other disabilities, the provision of welfare benefits advice and debt counselling or capacity building for residents looking for work or wanting new skills. Practice varies between associations. Some undertake these tasks themselves. Others work with specialist partners to deliver such services on a contractual basis. Some provide these services to local people who are not their residents, but who are easily accessible to areas of main provision. Staff providing these services are the “eyes and ears” of the organisation in the local community, as are those identified above. Embedding NLA is about them understanding the significance of their role, not just providing the service, but in enabling intelligence to flow within the organisation about the neighbourhood and its overall quality of life.

Second, the larger landlords, especially those with substantial groups of property in a particular place, have started to respond to needs in those communities in order to benefit the neighbourhood as a whole. These might be small scale environmental improvements, a neighbourhood wardens’ scheme, a children’s play and activity project or participation in more substantial redevelopment schemes combining real estate and service provision, such as a youth centre, health centre or school. The variety of organisational arrangements in these circumstances is large. It may be that specialist teams are created and employed by the landlord. Alternatively, others might provide the service on a contracted basis. A range of specialist skills are needed depending on the particular project. The people delivering this NLA need to have good lines of communication into those providing more personal care and to those providing the basic housing management. The question that is raised in a number of social landlords is, ‘should these activities be delivered in integrated or specialist teams?’ The answers could differ over time, even in the same place. As experience grows and relationships develop the organisational structure will evolve.

Finally, again for landlords with significant levels of stock in particular neighbourhoods, there is little chance of avoiding a role in local governance. Contacts are needed with the municipalities and other stakeholders. Extensive asset ownership gives access to the table and provides the motive to be present when decisions are being made. Involvement in these arenas has a number of requirements. Knowledge of the networks of power and interest is vital. Awareness of local politics is necessary, as is an ability to think entrepreneurially. Thirdly, these activities need people who have the credibility to negotiate and make commitments on behalf of the landlord. These requirements suggest that this is not an activity for separate specialist teams in the organisation. Seniority within the organisation is needed for these roles. Not for the first time, the simplicity of the landlord, non-landlord dichotomy starts to creak as consideration of the role of more senior executives comes to the fore.

The range of jobs outlined above suggests that there is no simple answer to the question, how the organisation should deal with the staffing of NLA. It is clear that the more specialist the new activities are, the more likely they are to be organised in separate units. However, what stands out as a commonality is the significance of “soft” skills. What are needed are the generic skills of people who appreciate the importance of the context within which they work, with an ability to track the changing environment, analyse it and respond. Skills of communication are central. A willingness to work at uncertainties and to cope with ambiguity is important, whatever particular specialist skills are also needed. For most landlords these matters imply a considerable shift in culture, brought about by training and, more

importantly, by example.

What these required skills demand in terms of staffing is difficult to say generally, or without treading on toes. It is well-known that organisational changes often imply changes of staff, sometimes involving conflict. Although it is often possible to retrain people and coach them, it may not be possible to achieve the desired cultural turn without some individual sacrifices. However, the main challenge of embedding NLA concerns human resources (rather than financial or structural matters) and it is therefore not surprising that this is where the most difficult decisions must be taken.

Structure, by implication, becomes less significant. Most of the large social landlords operate through a combination of geographical and functional differentiation. Many NLA have initially been introduced within separate functional units. The question, in terms of structure, is whether those separate units should be integrated with other functions. This will invariably involve “sequential or cumulative embedding”. Not all embedding will be to the same degree, some will be more embedded than others, for some embedding will develop over time and with experience. However, structural change is costly and time-consuming, and should be avoided where possible. It is easy to observe and “take hold of” and therefore receives undue managerial and scientific attention, but it is in fact a blunt instrument. The demand for generalist skills signalled above implies potentially stronger cultural bonds within the organisation, more so than in traditional social landlords. It will be better possible to maintain legal and administrative barriers, reducing risks, while also maintaining organisational coherence. A greater distinction between the formal and informal organisation should therefore be encouraged.

### **3.4.4 Stakeholders**

This, in turn, fits well with the rising significance of stakeholder relations. Our study shows that the increase in NLA has resulted in more extensive co-operation with organisations and groups in the associations’ local environments. When specialist skills and information are needed that are not available within the organisations themselves, they must look to their network to access them. In addition, the need for additional financial resources and increased intervention in neighbourhoods require a visible presence in local and regional networks, if not a role in local governance. We have mentioned examples of this in the previous chapter. Earlier, it was observed that such new relationships require investment in communicative skills. Another important question is how relations with stakeholders should be organised at the strategic level.

Several issues crop up in this respect. The identification of interesting new partners is certainly a skill of increasing value, both at the management and the street level. One difficulty is to assess the reliability of stakeholders as future partners. On the one hand, local/regional networks require an investment in long-term, trust-based relationships, with a select group of partners. On the other hand, greater emphasis on competition and contracting has upset the stability of some relationships, especially with local authorities. Some social landlords have found themselves stood up after an initially successful phase of co-operation. Within good relationships, trust and competition are not necessarily mutually exclusive, especially when the activities of different organisational levels (within the associations and their partners) are well co-ordinated. However, this is not always the case. Another major issue, especially in the Dutch context, has been how closely stakeholders should be involved in the design and management of project. This is a question with both practical considerations (better access to resources

vs. flexibility) and ideological considerations (participation vs. managerial autonomy). Our framework here defines it as a strategic choice.

Criteria for the involvement of stakeholders were defined in previous sections. Where social landlords expand into a certain area, where they lack expertise and/or required activities are covered by other organisations, it makes sense to seek co-operation, whether formally in projects or alliances, or through informal networks. We cannot formulate universal principles on how to organise these relationships, although it is wise to rely on the organisation's strengths. Where a landlord has a strong internal culture of co-operation, it could try to export that culture to its relationships with stakeholders, rather than focus on hard contracting. As the organisation's core tasks are increasingly fulfilled in partnerships, they shift outward, and the organisation's boundaries become more fluid. In that context, it is especially important to watch the quality of the organisation's gatekeepers and boundary spanners. By implication, social landlords may increasingly become network-like organisations, which in turn means that management increasingly has to operate through incentives and persuasion rather than hierarchy. In short, NLA require more attention for stakeholder management in overall organisational strategy, and all that this entails.

### 3.5 Conclusion

All the issues identified here make it clear that landlords need to develop regular and robust mechanisms for strategic review of their business. The requirement to engage in strategic reflection on vision, objectives, resourcing, performance and outcomes in local communities is central in the task of embedding diversification into non-landlord activity. In this chapter, we have discussed the issue of how to embed NLA in an organisational context. Our guidelines are not meant to supplant existing models in the social housing field, but to provide general principles by which to implement them. Indeed, detailed models can only be defined within a specific national context, given the wide variety of regulatory, market and organisational conditions. In a nutshell, we conclude the following:

- *Social landlords show a unique ability for bridge-building, among people, and between institutions and communities*
- *New activities tend to develop by trial-and-error rather than by grand design, and take on a more central role after strategy is redefined.*
- *As they become more central, the notion of "non-landlord activities" loses its descriptive value from a strategic point of view.*
- *Experimentation and incremental innovation should be encouraged.*
- *The decision to mainstream an activity should be based on the criteria of regulation, historical competence, coverage, synergy and risk.*
- *New activities should in principle be financially self-sufficient, although not necessarily priced at current market levels.*
- *New activities tend to heighten the importance of communicative skills.*
- *Cultural change should be preferred over structural change.*
- *Stakeholder management should become more central in organisational strategy.*

In the following pages, we will summarise our conclusions in the form of a set of questions that social landlords can apply in relation to non-landlord activities.

## Addressing Diversification

**What activities are in your organisation's portfolio?**

**Why are they there?**

**Should they be there?**

**What do you need to consider?**

**How should they be embedded in your organisation?**

The following questions will help chart your way through some of the issues.

### 1. Catalogue the activity

The research suggests that there are six major activity sets.

Discuss your involvement in the following activities.

1. Social housing for rent.
2. Social housing for sale, including shared ownership.
3. Care and support services for residents with particular needs.
4. Additional services for residents, including benefits advice, energy supply and employment training, for example.
5. Neighbourhood services to benefit the whole community.
6. Neighbourhood planning, management and governance.
7. Any other activity?

### 2. Understand the history

The research makes suggestions about the reasons for diversification.

Which of these are significant for your organisation?

1. Processes for defining vision and refining business objectives.
2. Leaders' values, aspirations and energy.
3. Organisational culture, identity and assets.
4. Economic and property cycles.
5. Social and demographic change.
6. Government policy and influence.
7. Discussion with 'fellow travellers'.

8. Seizing available opportunities.
9. Responding to perceived needs in neighbourhoods.
10. Being prepared to experiment.
11. Any other reasons?

### **3. Explore the issues**

The research suggests a series of questions be asked about the embedding of 'non landlord activity'.

Whether reflecting on current or contemplating future activity, ask yourself the following questions.

#### *Status*

1. Is the activity legitimate: issues of regulation and legality?
2. Is the activity encouraged: issues of government policy?
3. Is it feasible for us to do it: issues of competence?
4. Can others do it better: issues of quality?
5. Does it add value to what we already do: issues of synergy?
6. Is it wise: issues of risk?

#### *Self-sufficiency*

1. Can we afford it: issues of funding and finance?
2. Can we generate surpluses?
3. Can we cross-subsidise?
4. Is grant funding available?
5. Is it possible or desirable to charge for services?
6. In what circumstances is 'pricing below cost' acceptable?

#### *Staffing, skills and structure*

1. Should 'non landlord activity' be embedded alongside landlord tasks or should it be delivered through more independent projects with a defined life cycle?
2. What involvement should front line housing staff [as 'eyes and ears' in the local community] have in this diversification?
3. Should this activity be delivered through integrated teams, specialist teams or do both have a role to play?

4. To what extent does involvement in neighbourhood governance require the presence of senior executives?
5. To achieve diversification, to what extent should the focus be on developing generic, interpersonal skills and aptitudes rather than looking for solutions in structural reorganisation?

### *Stakeholders*

1. How do we identify the right partners?
2. How do we ensure stability and reliability in partnerships?
3. How might we make the most of our external relationships in the way we work?
4. How might we export a culture of co-operation from within the organisation to our relationships with stakeholders?





## 4 Conclusion

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The Rex Group of Housing Associations from Ireland, Italy, the Netherlands and the United Kingdom commissioned this research on the diversification of social landlords' activity into what has been termed "non-landlord activity" (NLA). Their aims were to understand the experience of these organisations working in different countries and so to encourage cross-national learning. The research process has enabled the achievement of this aim, for the researchers at least! It is to be hoped that this report is able to communicate some of this learning both to the clients of this work and to other readers of the report.

The aim of the research was, of course, not just to understand the nature of the changing behaviour of the social landlords. It had a more practical purpose in mind. That was to develop a framework that would facilitate the selection of appropriate and realistic portfolios of NLA by individual landlords. It has been possible to catalogue the activity of social landlords and to provide a somewhat stylised model of the way that diversification has taken place over a number of years. These processes have been influenced by many factors, not least the self-perception by these organisations that they could help to meet the needs of their tenants and other neighbourhood residents, needs that go beyond the provision of a roof over their heads. Of course, the foundation for this diversification has remained the basic business of renting property, a business that has in most cases meant a growing asset base and the reality of a dependable income stream. Social landlords have an important function in local communities, not only in connecting individual residents, but also in connecting local communities with organisational networks.

The catalogue of activity, outlined in chapter two, identifies two main areas of diversification from renting and selling homes. The first is the provision of care and other services for residents. The second is the provision of services to customers in the wider neighbourhood and a developing participation in the decision making about neighbourhoods, along with other stakeholder agencies including municipal authorities. In both cases entering into partnership arrangements with other, often specialist agencies, has become characteristic in all four countries. As well as discussing these activities and their sub-categories, the chapter provides examples from each country under study to illuminate their character more fully.

The extent to which this framework will enable social landlords to consider and select non-landlord

activity that is appropriate and realistic for them will, of course, be for them to determine. Nevertheless, it provides a language to discuss these matters that might enable better communication and better quality decisions to be made. The report notes that in most instances the history of diversification is one of innovative responses to opportunities perceived rather than a clearly worked out set of mission statements and business objectives. Strategic reflection is more often a characteristic of movement into a more mature stage of the business life cycle!

The aims of the research go further than understanding the range of NLA that is to be seen in the nine social landlords under study. They also go further than providing a framework for decision-making about which areas of diversified activity to pursue. The research has sought to address issues around the embedding of these activities in the social landlord organisations. Questions were asked about the principles and the processes by which NLA is embedded in the case study organisations. Unresolved questions are of particular interest because these help to identify the more significant problems and, perhaps, tensions being encountered as diversification takes place.

The second half of chapter three explores this organisational embedding from the perspectives of the social landlords researched and in the light of more general understandings of organisational dynamics. One area of debate concerns the status of the NLA as elaborated by those who influence organisational discourse. Experience suggests that in the early stages of innovation there needs to be a level of flexibility that could be undermined by a precipitate mainstreaming. The ability to try out ideas and approaches is recognised as important. Whether it comes before, during or after embarking on a new project, it is suggested that there are a number of important questions to ask. These may be summarised in the following ways.

First, to what extent are the proposed activities legitimate? What would the regulators say and to what extent would such an initiative be in line with government policy?

Second, how feasible is it for the organisation to diversify, whether directly or by going into partnership with other specialist organisations? There are a number of aspects to this question that relate to competence, competition and consequence. Are the technical and interpersonal competences available? Would other parts of the organisation benefit from the innovation and what impact would there be in relation to the wider organisational environment? How risky is it?

Third, the issues of financing are central. Sometimes NLA generates surpluses of significant proportions. For example, care services for the elderly provide surpluses in some organisations. But often subsidies have been necessary, either planned or unplanned, to ensure the completion of an initiative. Whilst the principle of 'pricing at or above cost' is incontrovertible, there must be scope for exceptions, justified by the experimental nature of the activity and its planned temporary character.

Fourth, many organisations continue to debate the staffing structure that should be used to achieve their ends. There are no simple answers to this question and the answers will vary over time. But it is important to give credence to the centrality of the softer 'generic' skills as opposed to an over concern with organisational hierarchies. Some staff teams will be more integrated than others depending on the type of NLA in which they are engaged.

Fifth, ideas about organisations are shifting continually including the way that organisations relate to other agencies and organisations that work with, alongside or in competition with them. These stakeholder relationships are crucial to the success of the social landlord. How do they relate? Do they

employ concepts that emphasise networks, with recognition of the importance of building trusting relationships? Do they extend the principles of trustful co-operation that they strive to achieve within their own organisation to their relationships with partner organisations?

It has been neither appropriate nor possible to produce a definitive method for embedding NLA within an organisation, but the questions outlined above and the discussion of them in the text of the report provides social landlords with some co-ordinates as they travel these diversifying journeys. The researchers believe it to be a fascinating and very worthwhile journey.



## 5 Epilogue: the future identities of social landlords

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### 5.1. Introduction

How does the diversification of social landlords fit into the bigger picture? The decision to diversify is a strategic one that does not automatically follow from developments in the landlords' environment. The organisations described in this report are not representative of the social housing fields in their respective countries. That begs the question whether they must be considered as pioneers, the vanguard of a more general movement towards diversification within social housing, or whether the distinction between broad and narrow interpretations of the social landlord role is of a more structural nature. In other words, is the current divergence between landlords part of a transitional phase or a sign of increasing fragmentation?

Here we look at current trends and discuss how they reflect upon the identity of social landlords. It is clear that we cannot deal with all relevant developments, nor make firm statements on the connections between the trends and the strategic choices of the organisations involved. Rather than a scientific analysis, this will be an informed exercise of imagination, in an attempt to position our report in a broader context. Paragraph 5.2 sketches what seems to be happening, and paragraph 5.3 describes its potential implications for social landlords.

### 5.2. European trends

There are many developments that potentially affect non-landlord activities, of which we judge two to be the most significant. These are ageing and the reform of systems of social protection. We must necessarily limit ourselves to the bare basics.

#### *Ageing*

Care for the elderly was singled out as a service of singular importance, a choice which is justifiable on the basis of long-term demographic and social developments. While birth rates are dropping and the average European is enjoying a longer life, the number of people reaching their pension age is massively growing ('baby boomers' will be retiring after 2010) and is expected to do so in the next decennia. On

average 12.4% of the total EU-25 population is between 65 and 79 years of age and another 24.6% between 45 and 64 years waiting to retire. This will increase to almost 30% by 2020, when the number of 'very old people' (80+) will make up 5.5% of the total EU-25 population. Of the countries discussed in this report, Italy scores highest with 7%, while Ireland has the lowest score with 2.9%.

*Table 2: Population (forecast) by age (%) and total population (x 1.000,000), 2003 and 2020.*

Age (%) total population/Country	35-64 years		65-79 years		>80 years		Total population (x1,000,000)	
	2003	2020	2003	2020	2003	2020	2003	2020
Ireland	21.4	22.8	8.5	11.1	2.6	2.9	4.0	4.8
Italy*	25.1	31.7	14.1	16.4	4.1	7.0	57.3	54.9
Netherlands	25.3	28.4	10.4	14.5	3.4	4.3	16.2	17.4
United Kingdom*	23.4	26.1	11.6	13.3	4.0	4.9	59.3	63.7
EU-25	24.6	28.	12.4	14.6	3.8	5.5	453.7	465.5

Source population 2003: Eurostat (2003), in: Housing Statistics in the European Union 2004, p. 15. Source population forecast 2020: UN (2002) World Population Prospects 2002 revision, high variant, in: Housing Statistics in the European Union 2004, p. 17.

\* percentages by age from 2001 onwards.

Meanwhile, the following developments are posing both difficulties when dealing with the effects of an ageing population, but also creating opportunities (OECD, 2004):

- *Growing wealth: the more money people can spend, the more they wish to spend on their health and well-being;*
- *Technological innovation: new inventions are offering more possibilities and more opportunities to choose from (e.g. Aler Brescia use gadgets like a remote control to operate the front door or lighting in homes constructed especially for the elderly);*
- *A strongly individualised society: a heterogeneous society makes the demand for social services more diverse and requires tailor-made solutions, while increasing demand for formal care instead of informal care (CVZ, 2003).*

More opportunities to choose from, more money to spend and less people to lean on (informal care) are changing the needs of elderly and the way in which these are met. As the saying goes: 'old age has its infirmities'. But it is no longer regarded as a health issue only. Due to the fact that life expectancy is increasing and people are having more opportunities (financially and technologically), a more holistic approach to quality of life and well-being of (very) elderly (OECD, 2003) has emerged and caused at least the following effects:

- *A shift from large-scale institutional care to home-based care;*
- *A shift from a functionalistic to a people-oriented approach;*
- *A decrease in intergenerational home sharing.*

Research on ageing and its effects shows that there is still a lot to learn about how society can minimise the negative impacts of the shift in age distribution and find ways in which innovation and improvement of the quality of life of people of all ages can be attained. Therefore it is necessary to acknowledge that 'the elderly' as such do not exist. They are homogeneous in neither expectations, needs or behaviour. The OECD mentions the following ten insights (OECD, 2003 p.9-12):

1. *'Aesthetics of ageing': today's generation of older people is very different from the next generation;*
2. *Staying at home is popular among the elderly and caretakers, but staying put is not always the best thing to do. The question is how to balance various needs and offer a diverse supply of housing.*
3. *'Intimacy at a distance': assumptions that intergenerational living will end loneliness among older people can be false. Research shows that older people can still be very lonely when living with younger families.*
4. *Gender and ageing are related: synergy between policies in favour of the elderly and women are needed. Informal care (i.e. care offered by family and friends on a voluntary basis) is often provided by women, who exchange paid labour for informal care. This may be a key factor in declining birth rates.*
5. *Traditional institutional care, which keeps elderly people apart from the rest of society and medicalises old age, is no longer desirable.*
6. *'Golden ghettos': some level of 'segregation' is apparent in the way the elderly people (like younger groups) are coming together to share housing and services. To what extent is this desirable?*
7. *Changing the patterns of family life are resulting in more small households especially one-person households. Thus we need smaller and sheltered accommodations that is flexible in terms of tenure, design, and financing.*
8. *Changing perceptions about service provision: more appropriate provision of health care services is needed, including 24-hour and substitute care. Home-based care is not necessarily cheaper.*
9. *Urban regeneration: social inclusion of older people, but also physical repair of declining neighbourhoods.*
10. *Where people want to live is not necessarily where the new developments are. Elderly people (again, like other households) prefer to live in suburban and semi-rural locations. There is a tension between mobility and sustainability.*

It is clear that such developments present opportunities for social landlords, for whom the elderly constitute a major and increasing share of clients. Many people prefer to make their homes 'age-proof', which means that they wish to receive the necessary additional services (care, welfare and adaptations to their home) in their own environment, in the privacy of their own homes (SCP, 2004). According to the Housing for Older People in Europe (HOPE), to really make a difference, the following is much needed:

- *Challenge perceptions of ageing;*
- *Review traditional housing and care responses;*



- *Encourage debate on housing and services for older people and*
- *Disseminate good practice, not with the purpose of copying 'solutions', but of learning how to innovate and make choices that are in harmony with the specific needs of a community.*

### *Social protection reforms*

This ties in with a broader development, which is the reform of European systems of social protection. The nature and aims of reforms are the subject of a long and complex debate, to which we cannot pretend to do justice here. Although the social landlords discussed in this report are not agents of the state, developments in social policy are clearly of relevance to them in terms of the non-landlord activities they are encouraged to develop, or discouraged from developing. We distinguish three developments that may be of immediate relevance to landlords, the shift from passive to active forms of social protection, adaptation to modern life courses and European market integration.

First, in current social policy in many countries, there is the intention to shift from "passive" to "active" systems of social protection. These systems should not keep citizens in a state of dependence, but encourage them to get back on their own feet. This has been described as the transition from a welfare state to a social investment state. The dominant discourse ties this to active participation in the labour market. Working is seen as crucial in achieving the goal of social inclusion. A number of social landlords, especially in the UK, have explicitly made the connection between housing and (re)entry into the labour market. However, the participation encouraged by social landlords is often of a broader nature, relating to the revitalisation of communities within certain geographical areas, and/or the participation of social groups (e.g. the elderly and young people) who are no longer or not yet active in the labour market. The In Business for Neighbourhoods agenda of the UK National Housing Federation is a good example of an initiative by social landlords to crystallise and promote an approach emphasising multi-faceted regeneration and social investment. Different notions of participation can be in conflict with one another, e.g. over the desirability of voluntary work. All the same, many non-landlord activities are fundamentally in line with the goals of activating policies.

Second, it is nowadays thought that traditional systems of social protection no longer fit the diversity of lifestyles that has emerged over the past decades. They were based on certain notions of the family and good citizenship that too many (though not all) seem out of date. Whatever one's perspective on this, there is clear evidence of increasing fragmentation in how people choose to lead their lives. This applies not only to the elderly, but also to other age groups. Many of the innovations by social landlords, including non-landlord activities have been designed exactly to accommodate this kind of diversity and to abandon the concept of mass social housing. It is unlikely that the diversity required to meet the needs of citizens can be met at the policy level, which leaves an important role for intermediary organisations. The role of social landlords may be to smooth over the rough patches in these systems, to fill in the cracks, and, more fundamentally, to initiate innovations in service provision from the ground up. This will prevent choice regarding lifestyles from being confined to the upper socio-economic ranges.

That possibility leads to a final issue that requires mentioning, which is the debate over market integration and subsidiarity. Social housing has traditionally been considered a subsidiary area, over which the European Union has no direct competence. It has left many housing experts with the mistaken notion that there is no such thing as a European housing policy. However true that may be in a formal

sense, the regulation governing the internal market offers an inroad for European intervention that is all too real. A well-publicised example was a letter by European Commissioner for Competition Policy, Neelie Kroes that criticised Dutch social landlords for being insufficiently targeted on lower incomes. While the letter may at this point be regarded as an incident, it is uncertain how regulation and court ruling will ultimately judge upon a portfolio of diversified activities. It is not inconceivable that these will be adversely affected, either directly (by being regarded as market distortions) or indirectly (by intervening in long-term relationships with stakeholders). It reinforces the point that social landlords should be transparent in their activities and that they should make a serious effort to demonstrate the added value of diversified activities.

### 5.3. Implications for social landlords

Earlier in the report, it was noted that social landlords have great potential for connecting both people and different kinds of services. This is by virtue of their relative financial flexibility and their knowledge of and access to communities (see paragraph 3.1). It puts them in a position where they can tackle some of the challenges described above. Already, many have taken efforts to prepare for an ageing society by integrating rent and care packages, by adapting homes to make them age-proof and by taking initiatives to avoid segregation of the elderly within local communities. Similar efforts are targeted at other groups with special needs. Non-landlord activities tend to encourage participation in a general sense. This seems to be exactly in line with the aims of policymakers at the national and European level, and in that sense little appears to stand in way of realising the landlords' potential.

However, such a conclusion would be premature. The organisations studied in this report are not typical of the fields in which they work. The question is whether they are running ahead of movements that will transform social housing generally, or whether they will remain a distinct category for the time to come. There is even a possibility that some will be classified as rogue organisations and forced back into the pack by regulatory means. It is not easy to predict how exactly this will turn out, as there are currently forces both for and against diversification. On the one hand, it is a natural instinct for organisations to broaden their resource base. Other landlords may follow as experiments are shown to be successful. Policymakers and regulators may accept such social entrepreneurship on the grounds of innovation and effectiveness. On the other hand, diversification is not beyond controversy. The capital social landlords control is (at least partly) public money and in that respect there are legitimate concerns over public accountability. A relatively broad regulatory space would favour innovation in service provision, but it would also carry with it greater risks, not least that money is spent in the wrong place. In addition, many landlords themselves may prefer a narrow interpretation of their role.

Within the regulatory limits set for social landlords, one can expect the simultaneous occurrence of diversification and specialisation. To varying degrees, organisations will be expanding the range of their activities. However, as we noted in chapter three, diversification to a large extent depends on creating stable relationships with stakeholders in the local environment(s) where the landlord is active. This makes it important to have a distinct organisational profile. One would therefore expect the future to bring greater differentiation among organisations in this field, as each develops a different portfolio of activities. Partly, these will be determined by national traditions and state policies. They will also be the result of strategic organisational choices relating both to local needs and to the historical profile of the

organisation in question. On the basis of the stages discussed in this report, one may eventually come to discern the following types of profiles:

- *The traditional landlord: focusing on social rented housing targeted at its traditional group of clients, and possibly spilling over into other types of tenure (through sale or shared ownership). Clients are identified on the basis of income or other socio-economic characteristics.*
- *The housing specialist: applying its expertise in housing broadly, by branching out into accommodation for specific groups of clients and for other service providers (e.g. day care, education). Clients are identified on the basis of special housing needs.*
- *The client specialist: developing integrated packages of housing and services for one or a few specific groups of clients. One might expect the emergence of many “grey landlords”, with a focus on the elderly, or even on certain types of elderly people. Clients are identified on the basis of special personal needs.*
- *The community specialist: working to revitalise communities within a certain geographically defined area through a combination of housing and services. Clients will be identified through their (potential) membership of a local community and will include non-tenants.*
- *The investment group: combining several functions within one holding company, allowing easy expansion into other fields and areas, and itself focusing mainly on the optimal spread of capital and the creation of alliances. Specialisation will occur within member units or organisations.*

These are of course types. Actual organisations are likely to combine the traits of several types, although one is likely to be more dominant than the others. The authors of this report are obviously sympathetic to diversification, but this is not to say that a traditional role is old-fashioned and unacceptable in itself. The question is rather how any role fits the capabilities of the organisation and the needs and constraints of its environment. Regulation and mimicry will maintain a certain measure of uniformity, but it is likely that differentiation will increase over the decades to come.

In the 1980s and 1990s, several housing researchers predicted that social landlords were on a road towards marginalisation, which would leave them as a safety net in a market dominated by home ownership. Empirical evidence of this trend seems far from conclusive at this point. More fundamentally, diversification seems to change the perception of social landlords as providers at the bottom rung of the housing market or the social ladder. This would imply that only certain groups of people would be served by social housing, and only as a last resort. If diversification becomes a more widespread phenomenon, then many more people may choose to rely on social housing in certain phases of their life. Their strength would be in creating choice, rather than symbolising a lack of it. That is why non-landlord activities must be regarded, not as incidental oddities, but as key opportunities for innovation in service provision.

## Appendix 1: list of respondents

Organisation	Country
Aler Brescia	Italy
Sunia/CGIL	Italy
Aramis	Netherlands
S&L Zorg	Netherlands
Casade	Netherlands
Prisma	Netherlands
Gallions	UK
Oaklee	Ireland
Focus Ireland	Ireland
Irish Council for Social Housing (ICFSH)	Ireland
Prime Focus	UK
Westgate	Ireland
Touchstone/Keynote	UK
Coventry City Council	UK
Wolverhampton City Council	UK
Stoke on Trent City Council	UK

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### Appendix 3: the Rex Group

The Rex Group is a transnational group which has been formed by the Chief Executives of social housing organisations from several European countries to carry out research and exchange (hence the title “Rex”) on matters related to organisational management, service delivery and quality measuring and performance. They meet periodically as a steering group and commission various pieces of work to be carried out by Task Forces made up of personnel from the member organisations.

### Appendix 4: the research team

**Taco Brandsen** (project coordinator) studied Public Administration and English Language & Literature at Leiden University (Netherlands) and Newcastle University (UK). He then moved to Twente University to write a dissertation on the strategies and activities developed by social landlords after the policy changes of the early 1990s, based on extensive fieldwork in Dutch social housing. It won the 2001 Van Poelje award for the best dissertation in public administration in the Netherlands (now published as *Quasi-Market Governance*). In 2002 he became a researcher at the Tilburg School of Politics and Public Administration, where he has since participated in a research programme on public service delivery and social entrepreneurship ([www.uvt.nl/kameleon/](http://www.uvt.nl/kameleon/)). During this time, he also worked with the Dutch National Scientific Council for Government Policy (on governance and social services) and with the Dutch National Auditing Office (on new modes of public accountability). At the international level, he participates in several projects and research networks.

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***Teresa Cardoso Ribeiro*** received an MA in Public Administration from the University of Amsterdam. During her studies she specialised in hybrid organisations and wrote her thesis called 'Drifting Hybridity'. She started her professional career in the fall of 1999 as (research) assistant to Professor Ed van Thijn at the University of Amsterdam, the Dutch Senate and the European Monitoring Centre on Racism and Xenophobia. She then moved to Public Space, an international knowledge and learning centre for Strategies for Public and Civil Entrepreneurs of Boer & Croon Strategy and Management Group, where she participated in several projects focusing on the complex and innovative strategic interaction between government, civil organisations and industry for public purposes. She is now a free-lance researcher affiliated to the Tilburg School of Politics and Public Administration. She is co-author of 'The Information paradox: a blind spot in public administration' and several other publications.

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